



# **San Diego City Attorney MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

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### **LAW FIRM TO PAY \$2.875 MILLION TO SETTLE LAWSUIT; TO DATE MORE THAN \$9 MILLION RECOVERED BY SAN DIEGO CITY ATTORNEY'S OFFICE**

**San Diego, CA** – City Attorney Michael Aguirre today announced a \$2.875 million settlement in a case against the law firm Orrick Herrington & Sutcliffe, LLP. The settlement amount is to be paid by Orrick's insurance carrier. As part of the settlement, Orrick admitted no wrongdoing.

The City Attorney's Office filed the lawsuit against Orrick in 2005 regarding financial disclosures made in connection with the City's bond offerings concerning the funding of its Employees' Retirement System.

"This was an important case to the City," said City Attorney Aguirre. "In 2005, I asked the Council to approve the filing of this lawsuit, which it did, and we are extremely pleased to have resolved the dispute and put it behind us."

According to Aguirre, resolving this lawsuit is another step in the City's continuing effort to ensure that the retirement system is accountable to the taxpayers of San Diego. The City has taken another important step forward in putting its fiscal house in order.

The City also announced that it has added Orrick to the list of law firms from which bond counsel may be selected for future bond offerings.

"I would certainly have no objection to City management retaining Orrick for future bond counsel work," said City Attorney Aguirre. "We have always known that Orrick is an excellent firm and has generally served the City well for more than 30 years. I brought this lawsuit because I believed Orrick should have discovered the pension problems earlier than it did in September 2003, at which time Orrick advised the City that its financial statements had failed to properly disclose the scope of the shortfall of funds in the pension," Aguirre said.

The civil lawsuit was prosecuted on a contingent fee basis by private attorneys Bryan Vess and Dan Stanford under the supervision of Executive Assistant City Attorney Don McGrath, II.

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“This lawsuit was a no-risk proposition for the citizens of San Diego and not one dime of taxpayer money went to prosecuting the case,” said Executive Assistant City Attorney Don McGrath. “The lawyers advanced all of the expenses associated with the lawsuit.”

After legal fees and expenses, the City will net \$1,878,049.66 from the settlement.

The Orrick settlement brings the total recovery from lawsuits filed by the San Diego City Attorney’s Office against professional firms to \$13.35 million. After all expenses, the contribution from the cases to the City’s general fund has been more than \$9 million.

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